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December 22, 1976

Honorable Robert L. Oswald
Secretary
Interstate Commerce Commission
12th St. & Constitution Ave., N.W.
Washington, D.C. 20423

RECORDATION NO. 22222-1 Filed & Recorded

DEC 22 1976

INTERSTATE COMMERCE COMMISSION
WASHINGTON, D.C.

Dear Secretary Oswald:

Please accept for recordation pursuant to §20c of the Interstate Commerce Act, 49 U.S.C. §20c, the following security agreement between Arthur R. Dubs and the Morgan Guaranty Trust Company of New York. By this security agreement, Arthur R. Dubs, as owner of the 89 railroad cars described below, grants to Morgan Guaranty Trust Company of New York a security interest in the subject railroad cars, in Mr. Dubs' rights under a bailment agreement with Professional Lease Management, Inc., and in Mr. Dubs' rights under the leases entered into by Professional Lease Management, Inc., as leasing agent for Mr. Dubs pursuant to the bailment agreement, with Continental Grain Company and C F Industries, Inc.:

GRANTOR: ARTHUR R. DUBS
2249 Dellwood
Medford, Oregon

GRANTEE: MORGAN GUARANTY TRUST COMPANY
OF NEW YORK
40 Rockefeller Plaza
New York, New York

DESCRIPTION: 89 new 100-ton covered hopper cars,
bearing A.A.R. designations PLMX
1001 to PLMX 10089, inclusive.

Thank you for your assistance.

Very truly yours,

Jacob P. Billig

Enclosure

JPB/jg

DEC 22 3 22 PM '76

I.C.C.
FEE OPERATION SR.

RECORDATION NO. 8626 ^C Filed & Recorded

DEC 22 1976 8 30 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

SECURITY AGREEMENT dated as of December 22, 1976 between ARTHUR R. DUBS (the "Borrower") presently residing at 2249 Dellwood, Medford, Oregon, and MORGAN GUARANTY TRUST COMPANY OF NEW YORK (the "Bank"), 40 Rockefeller Plaza, New York, New York 10020.

W I T N E S S E T H :

WHEREAS, the Bank is willing to enter into the Loan Agreement (the "Loan Agreement") of even date herewith between the Borrower and the Bank and to make the loans provided for therein, provided, among other things, that this Agreement be entered into simultaneously with the Loan Agreement;

WHEREAS, the Borrower is entering into this Agreement in consideration of and as an inducement to the Bank to enter into the Loan Agreement and to make the loan provided for therein;

NOW THEREFORE, the parties hereto agree as follows:

GRANTING CLAUSE

The Borrower hereby pledges, transfers, assigns and sets over to the Bank, and grants to the Bank a security

interest in, the following (collectively the "Collateral"):

- (a) Each of the Master Lease Agreements (the "Master Lease Agreements") dated as of February 15, 1977 between Professional Lease Management, Inc., a California corporation ("PLM"), as agent of the Borrower, and, respectively, Continental Grain Company, a Delaware corporation ("Continental"), and CF Industries, Inc., an Illinois agricultural cooperative association ("CFI"), insofar as such Master Lease Agreements relate to Cars (as hereinafter defined), (such Master Lease Agreements and any other lease by the Borrower of Cars (as hereinafter defined) being referred to as, individually, a "Lease" and, collectively, the "Leases"; and Continental, CFI and any other lessee under a Lease being referred to as, individually, a "Lessee" and, collectively, the "Lessees"), any Lease, the Management Contract and the Letter Agreement (as those terms are defined in the Loan Agreement) between PLM and the Borrower,
- (b) Each installment of rent and all other amounts payable by the Lessees pursuant to the Leases;

(c) All right, title and interest of the Borrower under any lease of the railroad cars described in Exhibit A hereto and in any supplement thereto in substantially the form of Exhibit B hereto (collectively, the "Cars"), together with all rights, powers, privileges, and other benefits of the Borrower pursuant to each of the Leases, including without limitation the immediate and continuing right to receive and collect all payments, awards, insurance proceeds and other sums receivable by the Borrower pursuant to said Leases, whether from an insurer or one or more Lessees, and to execute and deliver all waivers, consents and agreements, to give and receive all notices and instruments and to do all other things which the Borrower is or may become entitled to do under one or more of the Leases;

(d) All claims, rights, powers, privileges and remedies on the part of the Borrower with respect to the Management Contract, the Letter Agreement, the Leases and the Cars whether arising under one or more of such instruments

or agreements or by statute, at law, in equity or otherwise;

(e) All right, title and interest of the Borrower in the Cars and such additional items as may become part of the Cars under one or more of the Leases; and

(f) All proceeds from the sale, exchange, lease or other disposition of any of the foregoing; together with full power and authority, in the name of the Bank or the Borrower or otherwise, or as attorney-in-fact hereby irrevocably constituted, to enforce, collect and receive, and receipt for, in accordance with the terms and conditions hereinafter set forth any and all of the foregoing rights and sums assigned, or entitled to be received pursuant to other rights assigned (the Borrower hereby irrevocably directing each Lessee to pay to, or as directed from time to time by, the Bank the amount of each installment of rent specified in paragraph (b) above and all other sums payable by it which are assigned pursuant to the foregoing, and consenting to the undertaking by each Lessee to pay to the Bank such installments and other sums as set forth in the Acknowledgments),

TO HAVE AND TO HOLD the same upon and subject to the following terms and conditions:

1. Security for Note. This Agreement is made for the benefit of the holder of the Note issued under the Loan Agreement (the "Note") to secure the payment of the principal of and interest on the Note, and the performance of and compliance with all the terms of the Note, the Loan Agreement, this Agreement and the Pledge Agreement (the "Pledge Agreement") of even date herewith between the Borrower and the Bank and the Consent to Assignment (the "Consent") of even date herewith among the Borrower, PLM and the Bank.

2. Application of Assigned Moneys. (a) Subject to the provisions of Section 2(b), the Borrower covenants and agrees that:

(i) All sums received by the Borrower pursuant to Articles V, VI (other than paragraph C thereof) or XVI or paragraph 3 of Article XV of any Master Lease Agreement or any similar provision of any Lease shall be applied by the Borrower upon receipt first to the payment of all amounts then due and payable on the Note or under the Loan Agreement in accordance with the

terms thereof, and the balance, if any, may be delivered to or retained by the Borrower;

(ii) All sums received by the Borrower pursuant to (a) Article IX, Article X (in respect of damage to a Car) or Article XXV of any Master Lease Agreement or any similar provision of any Lease or (b) upon any sale or other disposition of any Car shall be applied (to the extent not theretofore promptly applied to the repair of a Car or the replacement of a Car with a Car) by the Borrower upon receipt first to the full and final payment or prepayment (in the inverse order of the payment provided in Section 2.2 of the Loan Agreement) of the Note and the payment of any other amounts due under the Loan Agreement, and the balance, if any, after payment in full of the Note and such other amounts may be delivered to or retained by the Borrower;

(iii) All sums received by the Borrower pursuant to paragraph C of Article VI of any Master Lease Agreement or any similar provision of any Lease may be retained by the Borrower; and

(iv) All sums received by the Borrower for which no provisions as to the application thereof is made in this Section 2 shall be applied as provided in Section 2(a)(i).

(b) In the event (i) there shall have occurred and be continuing an Event of Default under the Loan Agreement (or event or condition which with lapse of time or giving of notice or both would become such an Event of Default) or (ii) the Note shall have been declared to be due and payable in accordance with the provisions of the Loan Agreement and such declaration shall not have been rescinded, all sums received by the Borrower shall be applied upon receipt first to the full and final payment or prepayment (in the inverse order of the payments provided in Section 2.2 of the Loan Agreement) of the Note and the payment of any other amounts due under the Loan Agreement, and the balance, if any, may be retained by the Borrower.

3. Protection of Security. To protect the security afforded by this Agreement, the Borrower agrees:

(i) To perform and comply with each and every term of each of the Leases and of the Management Contract to be performed or complied with by the Borrower.

(ii) Unless the prior written consent of

the Bank shall have been obtained the Borrower will not amend, modify, extend or in any way alter any of the terms of any Lease (other than any amendment or modification to a Lease increasing the amount payable pursuant to such Lease, extending the term of such Lease or adding to the Cars subject to such Lease) or the Management Contract or Letter Agreement, or cancel or terminate any Lease or consent to or accept any cancellation, termination or surrender thereof, or waive any default under or breach of any Lease or the Management Contract or Letter Agreement, or consent to or accept any prepayment of rent under any Lease or agree to any discount of rent thereunder, or give any other consent or notice under any Lease or make any agreement with any Lessee with respect to any Lease; provided, however, that a Lease may be cancelled or terminated if substantially all Cars subject to such Lease are re-leased by the Borrower for similar periods on similar or better terms within 60 days after such cancellation or termination.

(iii) If the Borrower shall fail to make any payment or to do any act herein or in the

Loan Agreement or the Pledge Agreement provided, then the Bank may (but shall not be obligated to), without prior notice to or demand on the Borrower and without releasing the Borrower from any obligation hereunder or thereunder, make or do the same in such manner and to such extent as the Bank may deem necessary or advisable to protect the security hereof, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Bank and also the right to perform and discharge each and every obligation, covenant and agreement of the Borrower contained in any Lease, the Management Contract and the Letter Agreement; and in exercising any such powers the Bank may pay reasonable costs and expenses (including attorneys' fees), which costs and expenses shall be reimbursed by the Borrower to the extent not reimbursed by a Lessee. The Bank shall give the Borrower notice of any action taken pursuant to this paragraph.

(iv) If any lien, encumbrance or charge of any kind based on any claim (including without limitation any claim for income, franchise

or other taxes, whether Federal, state, local or otherwise) shall be asserted or filed against any of the Collateral, or any order (whether or not valid) of any kind shall be entered with respect to any of the Collateral by virtue of any claim of any kind in either case so as to (x) interfere with the due application of any amount pursuant to the provisions hereof or (y) subject the Bank to any obligation to refund or make any payment in respect of any amount applied to the payment of the Note or to obligations under the Loan Agreement, then the Borrower will promptly take such action (including, but not limited to the payment of money) as may be necessary to prevent or remedy the cause of such interference or such obligation as the case may be.

(v) The Borrower agrees that the Borrower shall give the Bank prompt written notice if the use of any Cars shall be changed from that contemplated by the Leases, such notice to specify such new use of Cars.

4. Protection of Security Interest. The Borrower hereby appoints the Bank its true and lawful attorney, effective immediately upon the occurrence of an Event of Default under the Loan Agreement or a declaration of the principal of and interest on the Note to be due and payable thereunder, with full power of substitution, to enforce the Borrower's rights under the Leases, the Acknowledgments and the Management Contract and Letter Agreement, and to take any other action which the Bank may deem necessary or appropriate to protect and preserve the security interests of the Bank in the Collateral.

5. No Assumption by the Bank. Anything herein to the contrary notwithstanding: (a) the Borrower shall at all times remain liable to the respective Lessees under the Leases and to PLM under the Management Contract to perform all the duties and obligations of the Borrower thereunder to the same extent as if this Agreement had not been executed; (b) the exercise by the Bank of any of the rights assigned hereunder shall not release the Borrower from any of its duties or obligations under any Lease or under the Management Contract; and (c) the Bank shall not have (and the Borrower shall indemnify the Bank for, and hold the Bank harmless from) any obligation or liability under any Lease or the Management Contract by

reason of, or arising out of, this Agreement or be obligated to perform any of the obligations or duties of the Borrower under any Lease or the Management Contract or to make any payment or to make any inquiry as to the sufficiency of any payment received by it or to present or file any claim or to take any other action to collect or enforce any claim for any payment assigned hereunder, or to pay or to see to the payment of or to make any filings in respect of any taxes levied on or with respect to any Lease, the rentals thereunder or any Cars.

6. Remedies on Default. If an Event of Default under the Loan Agreement shall occur and be continuing or if the principal of and interest on the Note shall have been declared to be due and payable and such declaration shall not have been rescinded, the Bank, without obligation to resort to any other security, shall have the right, to the extent permitted by law, at any time and from time to time, in its sole discretion, to sell in a commercially reasonable manner (subject to any rights of a Lessee under a Lease) the Collateral and all right, title and interest, claim and demand therein and right of redemption thereof, at public or private sale, for cash, upon credit or for future delivery, and in connection therewith the Bank may grant options, all without either demand, advertisement

or notice, all of which are hereby expressly waived, except that at least ten days before any such sale the Bank shall mail or deliver to the Borrower at his latest address known to the Bank a notice stating the time and place of such sale.

Upon any such sale, the Bank may purchase the Collateral free from any equity or right of redemption, which is hereby waived and released, to the extent permitted by law. Upon any such sale, after deducting all costs and expenses of every kind for sale or delivery, including attorneys' fees and disbursements, from the proceeds of sale, the Bank shall apply any residue to the payment of any liabilities secured hereby. The balance, if any, remaining after payment in full of all such liabilities shall be paid to the Borrower. The rights of the Bank specified herein shall be cumulative and shall in no event be deemed exclusive of any other rights the Bank may have pursuant to the Loan Agreement, the Pledge Agreement or the laws (including without limitation the Uniform Commercial Code) of the United States or of any state of the United States. Notwithstanding the foregoing, the security interests granted hereby are effective immediately and their effectiveness is not contingent upon the occurrence of an Event of Default under the Loan Agreement.

In case of any sale of the Collateral under this Agreement or any part thereof, any purchaser shall be entitled, to the extent permitted by law, for the purpose of making payment for the property purchased, to use the Note and claims for interest thereon, in order that there may be credited thereon the sum payable out of the net proceeds of such sale to the holder of such Note and claims for interest as his ratable share of such net proceeds; and thereupon such purchaser shall be credited on account of such purchase price with the portion of such net proceeds that shall be applicable to the payment of, and shall have been credited upon, the Note and claims for interest so used; and at any such sale, any holder of the Note may bid for and purchase the property offered for sale, may make payment on account thereof as aforesaid, and upon compliance with the terms of sale, may hold, retain and dispose of such property without further accountability therefor.

7. Furtner Assurance. The Borrower from time to time will execute, deliver to the respective Lessees and PLM for execution, deliver to the Bank and file all such instruments and take, and cause to be taken, all such actions as the Bank may reasonably request in order to preserve and protect the security interests granted or intended to be granted to the Bank hereunder, to effectuate the purposes

of this Agreement or to carry out the terms hereof, including without limitation the execution and filing of financing statements or continuation statements. The Borrower hereby authorizes the Bank to file this Agreement or financing statements with respect to the Collateral with any appropriate governmental office or offices in order to perfect the security interests granted hereby.

8. Assignment. All or any of the rights, title or interest of the Bank in, to or under this Agreement may be assigned or transferred and may be reassigned or retransferred by any assignee of the Bank, or any successor assignee, at any time and from time to time, provided, however, that any such assignment or transfer shall not violate the Securities Act of 1933, or applicable provisions of state securities laws as then in effect.

9. Termination. The security interests created hereunder will terminate when all the obligations of the Borrower under the Note, the Loan Agreement and the Pledge Agreement are discharged (and all amounts due hereunder and thereunder have been paid) and the Bank, at the request of the Borrower, will then execute termination statements and such other documents as may be necessary or appropriate to make clear upon the public records the termination of such security interests.

10. Controlling Law; Successors and Assigns.

This Agreement shall be governed by and be construed in accordance with the laws of the State of New York and shall inure to the benefit of and be binding upon the Borrower and the Bank and their respective successors and assigns.

11. Changes, Waivers, etc. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement thereof is sought. No failure or delay by the Bank in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

12. Separability. In case any one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

13. Headings, etc. The headings of sections herein are inserted for convenience only and form no part of this Agreement. This Agreement may be signed in any number of counterparts, each of which when so executed and

delivered shall be an original and all of which shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ARTHUR R. DUBS

A handwritten signature in cursive script, appearing to read "Arthur R. Dubs", is written over a horizontal line.

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By _____
Vice President

[SEAL]


delivered shall be an original and all of which shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ARTHUR R. DUBS

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By

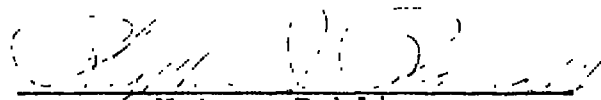

Asst. Vice President

[SEAL]

INDIVIDUAL ACKNOWLEDGMENT

STATE OF OREGON)
 : ss.:
COUNTY OF JACKSON)

On this 20th day of December, 1976, before me personally appeared ARTHUR R. DUBS, to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.



Notary Public
State of Oregon

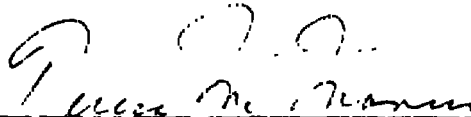
[SEAL]

My commission expires November 9, 1980

CORPORATE ACKNOWLEDGMENT

STATE OF NEW YORK)
 : SS.:
COUNTY OF NEW YORK)

On this 21 day of December, 1976, before me personally appeared FRANK C. BROOKS, JR. , to me personally known, who being by me duly sworn, says that he is ~~the~~ an Assistant Vice President of MORGAN GUARANTY TRUST COMPANY OF NEW YORK that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public

[SEAL]

TENEGE McMANUS
Notary Public, State of New York
Exp. 3/30/79
Qualified in New York County
Certificate Filed in New York County
Term Expires March 30, 1978

My commission expires _____

EXHIBIT A

<u>Quantity</u>	<u>Type</u>	<u>A.A.R. Identifying Numbers</u>
89	4,750 cubic foot capacity, 100 ton truck, gravity discharge covered hopper railroad car	PLMX-10001 through PLMX-10089

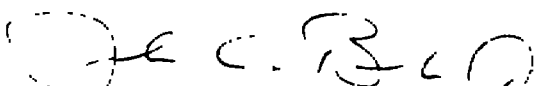
EXHIBIT B

[Form of Supplement]

SUPPLEMENT dated , 19 to Exhibit A to the Security Agreement (the "Security Agreement") dated as of December 22, 1976 between Arthur R. Dubs and Morgan Guaranty Trust Company of New York. Exhibit A to the Security Agreement is hereby supplemented by adding thereto the following description, which is hereby incorporated therein and made a part thereof. The railroad cars described in the following description shall, for all purposes, be deemed to be "Cars" within the meaning of the Security Agreement and subject to the lien thereof from the date thereof.

<u>Quantity</u>	<u>Type</u>	<u>A.A.R. Identifying Numbers</u>	<u>Serial Numbers</u>
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ARTHUR R. DUBS



MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

[SEAL]

EXHIBIT B

[Form of Supplement]

SUPPLEMENT dated _____, 19 ____ to Exhibit A to the Security Agreement (the "Security Agreement") dated as of December 22, 1976 between Arthur R. Dubs and Morgan Guaranty Trust Company of New York. Exhibit A to the Security Agreement is hereby supplemented by adding thereto the following description, which is hereby incorporated therein and made a part thereof. The railroad cars described in the following description shall, for all purposes, be deemed to be "Cars" within the meaning of the Security Agreement and subject to the lien thereof from the date thereof.

<u>Quantity</u>	<u>Type</u>	<u>A.A.R. Identifying Numbers</u>	<u>Serial Numbers</u>
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ARTHUR R. DUBS

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

[SEAL]

CERTIFICATE OF NOTARY PUBLIC

Washington, D. C.

I, Donna W. Ours, a duly appointed Notary Public of the District of Columbia, hereby certify that I have compared the attached copy of a security agreement between Arthur R. Dubs and Morgan Guaranty Trust Company of New York with the original document and I have determined that it is a true and correct copy in all respects.

Dated: Dec. 21, 1976

Donna W. Ours
NOTARY PUBLIC

My commission expires _____ My Commission Expires July 14, 1981